

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)
) No. G 98 - 7
)
The Market Conduct Examination) FINDINGS, CONCLUSIONS, AND
of Good Health Plan of Washington, Inc..) ORDER ADOPTING REPORT
)

BACKGROUND

An examination of the market conduct of Good Health Plan of Washington, Inc., (the Company or GHP) as of November 30, 1995, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Company is a health maintenance organization registered under RCW 48.46.027. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner.

The examination report with the findings and recommendations was transmitted to the Company for its comments on January 10, 1997. Written responses to the draft report were received on February 17, 1997. An informal meeting with the Company was held on February 26, 1997. An additional written response from the Company was received April 25, 1997. The Company did not request a hearing.

The Commissioner or a designee has considered the report, the relevant portions of the examiner work papers, and the submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained on pages 4-14 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

ORDER

The examination report as filed, attached hereto and incorporated by reference, is hereby **ADOPTED** as the final examination report.

It is **ORDERED** that the Company comply with the Instructions in the Report, as follows (page numbers refer to the Report):

Advertising

1. WAC 284-50-200 requires that every insurer maintain a complete file of all advertising material. The advertising file reviewed as part of this examination did not contain all the advertising material. Good Health Plan is instructed to comply with WAC 28-50-200.

(page 5)

2. WAC 284-50-110 requires that the source of statistics used in advertising be included in the ad. GHP is instructed to adhere to this requirement in all future advertising, or reprinting of current advertising. (page 5)

3. GHP is instructed to comply with WAC 284-50-150(1)(2), requiring the full name of the Company on all advertising material. While the name of the parent company may be shown, the primary focus must be on the full name of the authorized carrier for the product advertised. (page 5)

Consumer Complaints

4. WAC 284-30-650 requires that a company must respond to all correspondence from the OIC within 15 business days. The Company is instructed to change procedures to ensure compliance with this regulation. (page 7)

Agent Activity

5. RCW 48.46.023 requires that agents and companies who solicit business on behalf of an HMO be appointed prior to soliciting business for them. The Company is instructed to immediately require appointments for all agents and Company personnel selling and soliciting on behalf of the Company. The Company is further instructed to cease transacting business with non-appointed agents. (page 6)

Consumer Contracts

Underwriting & Rates

6. RCW 48.46.060(5) requires Health Maintenance Organizations to file all contracts and rates with the OIC prior to use. RCW 48.46.030(7), final paragraph, requires that any changes or modifications to contracts or rates be filed with the Commissioner.

(a) During the examination, it was found that the Company created a new rating model for use by underwriters in quoting rates. The rates were used for a period of 5 months, and were never filed with the OIC. There were 36 groups quoted for GHP and Providence Health Care plans using the unfiled model, two of which were sold. In addition, there were 41 groups renewed in both companies using the unfiled rating model.

(b) During the examination, we found nine (9) contract forms, amendments and endorsements that were not filed before they were used, and five (5) that were never filed (ACC-94-ALTMEM, CSR-94-ALTMEM, DME-94-ALTMEM, TMJ-94-ALTMEM AND VIS-94-MEM).

The Company is instructed to immediately file the five forms listed above. In the future, the Company is instructed to file all rates, contracts, endorsements and amendments prior to use.

Provider Contracts

7. GHP is instructed to file all provider contract forms prior to their use as required by RCW 48.46.243 and WAC 284.46.575. In addition, they are instructed to:

a) Cease using disapproved participating provider contract forms and to recontract with participating providers using the contract language approved by the Office of Insurance Commissioner on June 23, 1994.

b) File the participating agreements labeled, GHP ANCILLARY, GHP PREFCON, GHP PCPCON and GHP INSTCON as these documents have not been previously submitted for approval.

Claims

8. WAC 284-51-090 and WAC 284-51-100 require the Company to actively pursue COB information via all means available to them. If, after a reasonable period of time and a reasonable effort on the Company's part to obtain this information, the Company still does not have the information needed to process the claim as the secondary carrier, the Company must pay as the primary carrier. The Company is instructed to immediately establish a procedure to reflect a "pay and pursue" method of adjudication as required by Washington COB regulations. (page 13)

ENTERED at Lacey, Washington, on January 14, 1998.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner